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JOBIE M. K. MASAGATANI
CHAIRMAN
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON OCEAN, MARINE RESOURCES &
HAWAIIAN AFFAIRS
IN SUPPORT OF

HB 142 HD 1, RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

February 18, 2015

Aloha Chair Ing, Vice-Chair Lowen, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) supports this bill which extends the sunset for affordable housing credits to be requested by DHHL and received from each county for units developed on Hawaiian home lands. This is similar to a bill that is part of the Governor's administrative package by request of our department.

Affordable housing credits have afforded the department greater opportunities to gain resources to develop homesteads and, thus, meet our mission to return native Hawaiians to our trust lands. Since Act 141 was passed by the legislature in 2009, this program has been very successful for DHHL. By authorizing the extension of this program, DHHL can continue to form private-public partnerships through the exchange of credits creating resources for the department, and DHHL can earn these resources without requiring any state funds.

Since the last legislative session, our department has executed a memorandum of agreement with the County of Kauai to smooth

implementation of this program and to address concerns related to home rule previously raised by this county. We are also currently working on a memorandum of agreement with the City and County of Honolulu to achieve the same goal.

Finally, we ask that you consider amending the bill to reflect its original language that repeals the sunset, rather than a six-year sunset extension. This program has proven successful in providing incentive to private sector developers to build affordable homes on Hawaiian home lands and the program should be permanent.

Thank you for your consideration of our testimony. We respectfully urge that you pass this measure.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

February 18, 2015

The Honorable Kaniela Ing, Chair
and Members of the Committee on Ocean,
Marine Resources & Hawaiian Affairs
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Ing and Committee Members:

SUBJECT: House Bill No. 142, HD 1
Relating to Affordable Housing on Hawaiian Home Lands

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 142, HD 1, which would extend until July 1, 2021, the affordable housing credit program under the Department of Hawaiian Home Lands (DHHL). We testified on similar bills in the past, which either proposed to extend the program, or establish it permanently.

The City strongly supports an increase in the inventory of affordable housing units. The City also recognizes the challenges faced by DHHL in fulfilling its obligations to its beneficiaries. However, we testified in opposition to this program at its inception in 2009. This program costs the State of Hawaii nothing. In fact, it creates credit value that DHHL can sell to developers who have an obligation to fulfill affordable housing requirements imposed by the counties. It undermines the ability of the counties to provide new affordable housing to all its residents within county-defined income need groups, on a time schedule commiserate with private sector construction, and in geographic areas where the counties believe affordable housing is needed.

In the six years since this mandatory credit program was adopted as Act 141 (2009, Session Laws of Hawaii), the City and County of Honolulu awarded more than 700 affordable housing credits to DHHL. If this program continues, we expect about 300 more in the near future. These are high figures compared to the total amount of affordable housing otherwise delivered; in high-construction years, the private sector delivers about 600 affordable housing annually.

The goal should not be to redirect the resources and/or opportunities from one branch of government at the expense of another. We all need to work together in addressing the affordable housing shortage.

As you may know, the city is focusing on encouraging affordable housing in the rail corridor. This DHHL program dampens the county's ability to do so, in that credits for

The Honorable Kaniela Ing, Chair
and Members of the Committee on Ocean,
Marine Resources & Hawaiian Affairs
Hawaii House of Representatives
Hawaii State Capitol
RE: House Bill No. 142, HD 1
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housing in Nanakuli can substitute for housing that would have been delivered in the corridor. Moreover, the DHHL credits represent single-family dwellings, and the City is promoting denser, "infill," multi-family projects.

We do have ongoing conversations with DHHL about the opportunities that transit-oriented development (TOD) represents to DHHL in fulfilling its mission; whether as an independent housing developer or in partnership with other developers and landowners. We are encouraged by these conversations in recent months. To allow the credit program to continue would appear to be a disincentive to TOD.

Lastly, please note that DHHL can already participate in our affordable housing program without this credit law. They would receive the same benefits that private housing developers receive. Namely, for qualifying units, the DHHL would receive a higher benefit ratio than 1 credit for 1 housing unit. The credit value is increased for larger units and those that are kept in the affordable sales range for a longer period of time. Units that are located in the rail corridor can also receive bonus credits.

In summary, we believe Act 142 benefits the DHHL at the cost of the counties' programs. It infringes on home rule and the counties' ability to administer their affordable housing programs. If Act 142 cannot be held, we ask that you amend it by making it an optional program, subject to compliance with county programs.

Thank you for this opportunity to testify.

Very truly yours,



George I. Atta, FAICP
Director

GIA:ks



Association of Hawaiian Civic Clubs

P. O. Box 1135

Honolulu, Hawai`i 96807

COMMITTEE ON OCEAN, MARINE RESOURCES & HAWAIIAN AFFAIRS

HB142, HD1 (HSCR6) RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

Wednesday, 2/18/15; 9:00 am; Room 325

Aloha Chairman Ing, Vice Chair Lowen and members of the House committee meeting to deliberate on HB142, among other items on the agenda.

The Board of Directors of the Association of Hawaiian Civic Clubs met on January 17, 2015 and brief presentations were made on several measures expected to come up in the legislative session. It was the consensus of the Board to support this particular measure as a means to provide affordable housing credits when such housing is developed on Hawaiian Home Lands.

This bill would amend Act 141, SLH2009 section 46-15.1 and extend the deadline for credits from June 30, 2015 to July 1, 2021. The AHCC believes this would be a positive step toward alleviating the housing crunch in general and specifically for Hawaiian Homesteaders.

Thank you for the opportunity to testify in support of this measure.

Contact: Jalna.keala2@hawaiiantel.net

ing2-Mary

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 18, 2015 8:31 AM
To: omhtestimony
Cc: darakawa@lurf.org
Subject: Submitted testimony for HB142 on Feb 18, 2015 09:00AM

LATE

HB142

Submitted on: 2/18/2015

Testimony for OMH on Feb 18, 2015 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Land Use Research Foundation of Hawaii	Comments Only	No

Comments: The Land Use Research Foundation of Hawaii SUPPORTS the intent of HB 142, HD1, which extends the sunset date for provisions for affordable housing credits for affordable housing developed on Hawaiian home lands to July 1, 2021. Some of the counties may oppose this bill, however, LURF recommends that DHHL and the counties discuss and resolve outstanding issues relating to this measure.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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